

FOLEY & LARDNER

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RECORDATION NO. _____ Filed 1425

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INTERSTATE COMMERCE COMMISSION

WASHINGTON, D. C.
MADISON, WISCONSIN
JACKSONVILLE, FLORIDA
TAMPA, FLORIDA
ORLANDO, FLORIDA
WEST PALM BEACH, FLORIDA

December 3, 1987

WRITER'S DIRECT LINE
1 5396-7
RECORDATION NO. _____ (414) 289-3735

DEC 4 1987-3 15 PM

VIA FEDERAL EXPRESS

Interstate Commerce Commission
12th and Constitution Avenue
Washington, D.C. 20423

Attention: Ms. Mildred Lee -
Documents for Recordation
Room 2303

INTERSTATE COMMERCE COMMISSION

Re: Quad/Graphics, Inc. - Railcar Mortgage

Dear Ms. Lee:

Enclosed please find an original, and four duplicate originals, of a Railcar Mortgage and five certified copies of a Security Agreement to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

The enclosed documents are a Railcar Mortgage, a primary document, dated November 12, 1987, and a second Amended and Restated Security Agreement, a secondary document, dated as of February 20, 1987.

The names and addresses of the parties to the Railcar Mortgage are as follows:

Mortgagor: Quad/Graphics, Inc., W224 N3322
DuPlainville Road, Pewaukee, Wisconsin 53072

Mortgagee: Manufacturers Hanover Trust
Company, as Agent, 270 Park Avenue, New York,
New York 10017

The names and addresses of the parties to the Security Agreement are as follows:

Debtors: Quad/Graphics, Inc., DuPlainville
Transport, Inc., Quad/Tech, Inc., Werkes/Tech, Inc., Milwaukee Magazine, Inc., Chemical Research/Technology, Inc. and Quad/Marketing; c/o Quad/Graphics, Inc., W224 N3322
DuPlainville Road, Pewaukee, Wisconsin 53072.

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Secured Parties: Manufacturers Hanover Trust Company, Manufacturers Hanover Bank (Delaware), M&I Marshall & Ilsley Bank, First National Bank of Minneapolis, Mellon Bank, N.A., AmeriTrust Company National Association and Harris Trust and Savings Bank; c/o Manufacturers Hanover Trust Company, as Agent, 270 Park Avenue, New York, New York 10017.

The equipment covered by the enclosed Mortgage is a Railcar known as "Silver Chalet". The Railcar's former Amtrak number is 9812. The Railcar's W.P. Railway number is 831.

A fee of \$20.00 is enclosed. Please return all extra copies of the recorded Mortgages and Security Agreements to Ann E. Reinke, Foley & Lardner, 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202.

A short summary of the documents to appear in the index is as follows:

Railcar Mortgage between Quad/Graphics, Inc., Debtor, and Manufacturers Hanover Trust Company, as Agent, dated November 12, 1987, and covering one Railcar known as the Silver Chalet (former Amtrak number 9812 -- WP Railway No. 831).

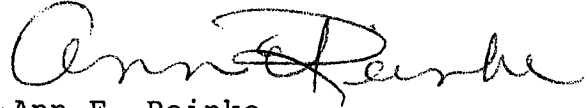
Second Amended and Restated Security Agreement between Quad/Graphics, Inc., DuPlainville Transport, Inc., Quad/Tech, Inc., Werkes/Tech, Inc., Milwaukee Magazine, Inc., Chemical Research/Technology, Inc. and Quad/Marketing, Inc. (collectively, the "Companies"), on the one hand, and Manufacturers Hanover Trust Company, Manufacturers Hanover Bank (Delaware), M&I Marshall & Ilsley Bank, First National Bank of Minneapolis, Mellon Bank, N.A., AmeriTrust Company National Association, Harris Trust and Savings Bank (collectively, the "Banks") and Manufacturers Hanover Trust Company as Agent for the Banks, dated as of February 20, 1987, and covering bindery equipment, presses, accounts, general intangibles, inventory and other assets of the Companies.

If you have any questions regarding the enclosed documents or if we have calculated the fee incorrectly, please retain the enclosed documents and call the undersigned

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collect at (414) 289-3735. Thank you very much for your help.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Ann E. Reinke". The signature is fluid and somewhat stylized, with a large initial "A" and a long, sweeping underline.

Ann E. Reinke
Attorney for Quad/Graphics, Inc.

Enclosures

cc: David Sorkin

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INTERSTATE COMMERCE COMMISSION

SECOND AMENDED AND RESTATED SECURITY AGREEMENT

This SECOND AMENDED AND RESTATED SECURITY AGREEMENT, dated as of February 20, 1987, is entered into by and among QUAD/GRAPHICS, INC., a Wisconsin corporation (the "Company"), DUPLAINVILLE TRANSPORT, INC., a Wisconsin corporation ("DuPlainville"), QUAD/TECH, INC., a Wisconsin corporation ("Quad/Tech"), WERKES/TECH, INC., a Wisconsin corporation ("Werkes/Tech"), MILWAUKEE MAGAZINE, INC., a Wisconsin corporation ("Magazine"), CHEMICAL RESEARCH/TECHNOLOGY, INC., a Wisconsin corporation ("Chemical"), QUAD/MARKETING, INC., a Wisconsin corporation ("Marketing"), (the Company, DuPlainville, Quad/Tech, Werkes/Tech, Magazine and Chemical are hereinafter collectively referred to as the "Original Companies", and the Original Companies and Marketing are hereinafter referred to as the Companies"), MANUFACTURERS HANOVER TRUST COMPANY, a New York banking corporation ("MHT"), MANUFACTURERS HANOVER BANK (Delaware), a Delaware banking corporation ("MHB"), M&I MARSHALL & ILSLEY BANK, a Wisconsin banking corporation ("M&I"), FIRST NATIONAL BANK OF MINNEAPOLIS, a national banking association ("First Bank"), MELLON BANK, N.A., a national banking association ("Mellon"), AMERITRUST COMPANY NATIONAL ASSOCIATION, a national banking association ("Ameritrust") and HARRIS TRUST AND SAVINGS BANK, an Illinois banking corporation ("Harris Bank"), (MHT, MHB, M&I, First Bank, Mellon and Ameritrust are hereinafter referred to as the "Original Banks", and the Original Banks and Harris Bank are hereinafter referred to as the "Banks") and MHT as agent for the Banks (in such capacity, the "Agent").

WHEREAS, the Original Companies and the Original Banks are parties to an Amended and Restated Loan Agreement dated as of November 5, 1985 (the "Existing Loan Agreement"); and

WHEREAS, the Original Companies and the Original Banks are parties to an Amended and Restated Security Agreement and Assignment of Contract dated as of November 5, 1985 (the "Existing Security Agreement"); and

WHEREAS, the Banks have agreed to purchase all right, title and interest of the Original Banks in, to and under the Existing Loan Agreement, the promissory notes of the Original Companies issued under the Original Credit Agreement evidencing the indebtedness of the Company to the Original Banks in respect of credit extended by the Original Banks thereunder (the "Original Notes"), the collateral securing the Original Notes, the Existing Security Agreement and the Mortgages (as defined in the Existing Loan Agreement); and

WHEREAS, simultaneously with such purchase, the Companies and the Banks are amending and restating the Existing Loan Agreement by entering into a Second Amended and Restated Loan Agreement of even date herewith among the Companies, the Banks and the Agent (as the same may be amended, supplemented or modified, the "Loan Agreement"); and

WHEREAS, the indebtedness of the Company in respect of the Advances (as defined in the Loan Agreement) of the Original Banks under the Existing Loan Agreement and the Loans (as defined in the Loan Agreement) of the Banks under the Loan Agreement will be evidenced by Notes (as defined in the Loan Agreement) to be issued by the Companies on the Effective Date (as defined in the Loan Agreement) in replacement of and substitution for the Original Notes; and

WHEREAS, it is a condition to the occurrence of the Effective Date and to further Loans under the Loan Agreement that the Existing Security Agreement be amended and restated as of the Effective Date to read in its entirety as set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, it is hereby agreed that, upon the Effective Date, the Original Security Agreement shall be amended and restated to read in its entirety as follows:

1. Definitions.

1.1. Defined Terms. As used in this Security Agreement, the following terms shall be defined as set forth below:

"Bindery Equipment" shall mean saddle stitch or perfect binding bindery line machinery and equipment manufactured or to be manufactured by Harris or any

other manufacturer of bindery equipment pursuant to any contract with the Debtor.

"Collateral" shall have the meaning specified in subsection 2.1 hereof.

"Debtor" shall mean the Companies.

"Equipment" shall mean (A) all machinery, equipment and fixtures related to the use of the Pewaukee Property, the Sussex Property, the Lomira Property or the Saratoga Property and the buildings and structures thereon, other than (x) any of the following delivered to the Debtor prior to December 31, 1983: (1) all Presses, (2) all Bindery Equipment, (3) all wrapping machinery and equipment, (4) all similar or related machinery or equipment, and (5) all machinery and equipment ancillary thereto including, but not limited to, (a) pollution control and heat-recovery systems, (b) waste recovery and treatment systems, both paper and chemical, including related air conveying systems, tanks, plumbing and compressors, (c) process control systems related to printing or pre-process operations, (d) chill water systems and other water treatment systems, (e) duct work and related piping, (f) make-up air systems and other air treatment systems, (g) steam generating systems and related tanks and plumbing, (h) crane systems and other material handling systems, (i) pre-process machinery and equipment, including plate making, cylinder preparation and general preparatory operations, (j) electrical systems, including electric substation, (k) ink mixing equipment, (l) propane gas tank system, including pipes and valves now owned or hereafter acquired by the Debtor and (m) all other machinery and equipment related to the particular use of the foregoing described premises and fixtures or printing facilities; and (y) any machinery, equipment and fixtures which were subject to any superior lien on April 18, 1984, to the extent such lien remains in existence; and (B) all equipment as defined by the UCC first acquired by the Debtor or in which the Debtor first acquires rights on or at any time after September 30, 1985.

"Event of Default" shall have the meaning assigned to that term in Section 7 hereof.

"Harris" shall mean the Harris Graphics Corporation.

"Obligations" shall have the meaning specified in Section 2 hereof.

"Permanent Financing" shall mean a loan or lease which has a term of not less than five years and, (i) in the case of a loan, the principal amount of which is not less than 80% of the cost of the Equipment in question as reflected on the books of account of the Debtor and, (ii) in the case of a lease the lessor has paid or will pay to the Debtor or one or more other Persons 80% or more of the cost of the Equipment in question as reflected on the books of account of the Debtor (or, if such costs are not so reflected on the books of account of the Debtor, as reflected on invoices of the seller of the Equipment in question).

"Press" shall mean (a) any offset press or other press manufactured or to be manufactured by Harris or any other manufacturer of presses pursuant to any contract with the Debtor, and (b) any Rotogravure press manufactured by any manufacturer pursuant to any contract with Debtor.

"Proceeds" shall have the meaning assigned to that term under the UCC and, in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Debtor from time to time with respect to any of the Collateral, including, but not limited to any and all proceeds of business disruption insurance, (ii) any and all payments (in any form whatsoever) made or due and payable to the Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any person acting under color of governmental authority) and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral including, but not limited to, any rents or profits derived therefrom.

"Saratoga Property" shall mean the property located in Saratoga Springs, New York, and more particularly described in Annex "B" attached hereto.

"Secured Parties" shall mean MHT (both as Agent and as a Bank), MHB, M&I, First Bank, Mellon, Ameritrust and Harris Bank.

"Security Agreement" shall mean this Second Amended and Restated Security Agreement as the same may from time to time be amended, supplemented or modified.

"UCC" shall mean the Uniform Commercial Code as the same may from time to time be in effect in the State of New York.

1.2. Other Terms. The terms "Accounts", "Deposit Account", "Instruments", "Chattel Paper", "General Intangibles", "Inventory" and "Documents relating to Inventory" shall have the definitions ascribed thereto by the UCC. All terms used herein and not otherwise expressly defined shall have the meanings ascribed thereto in the Loan Agreement.

2. Security Interest and Assignment. This Security Agreement secures payment and performance of all the unpaid principal amount of, and accrued interest on, the Notes, and all other obligations and liabilities of the Company or any Subsidiary of the Company to the Agent or the Banks under, arising out of or in connection with the Credit Agreement or the Notes or the other Credit Documents (including, without limitation, fees and expenses), whether now existing or hereafter incurred, direct or indirect, absolute or contingent, matured or not matured, joint or several, whether for principal, interest, reimbursement obligations, Swap Obligations, fees, expenses or otherwise (all of the above hereinafter referred to as the "Obligations").

2.1. Security Interest. The Debtor hereby grants to the Secured Parties, and to each of them, a security interest in the property described below (the "Collateral"):

All of the Debtor's Accounts, Deposit Accounts, Instruments (other than the capital stock of any of the Subsidiaries or The Catalogue Group, Inc.), Chattel Paper, General Intangibles (including but not limited to any right to require payment under any Interest Rate Agreement), Inventory and Documents relating to Inventory (including all goods held for sale, lease or demonstration or to be furnished under contracts of service, goods leased to others, all trade-ins, returns and repossessions, raw materials, work in process, and materials or supplies used or consumed in the Debtor's business), whether now owned or hereafter acquired by the Debtor, Equipment and all special tools, spare and repair parts for, accessions, repairs, additions,

substitutions, and all replacements to, all returned or repossessed goods the sale of which gave rise to, and all Proceeds and products of, the foregoing wherever located; provided, however, that the Collateral shall not include any item previously released by M&I pursuant to the Revolving Credit Agreement dated as of December 31, 1982 by and among the Company, Quad/Tech, DuPlainville, MHT and M&I, the Amended and Restated Credit Agreement dated as of April 18, 1984 by and among the Original Companies, MHT, M&I and Ameritrust, as amended, and the Existing Loan Agreement.

2.2. Assignment. (a) The Debtor hereby assigns to the Secured Parties any security interest or other interest (whether of an owner or otherwise) which the Debtor may be deemed to have in any Equipment and any and all rights which the Debtor may have under any financing statement filed for the Debtor's benefit with regard to any Equipment.

(b) The Debtor hereby expressly agrees that, anything herein to the contrary notwithstanding, the Debtor shall remain liable under each contract or agreement included in the Collateral to observe and perform all of the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with and pursuant to the terms and provisions of that contract or agreement. The Secured Parties shall not have any obligation or liability under any Contract or any other contract or agreement included in the Collateral by reason of or arising out of this Security Agreement, (i) the assignment to the Secured Parties of any other rights which the Debtor may own or possess, (ii) any default by the Debtor under that contract or agreement, or (iii) the exercise of any right or remedy hereunder by the Secured Parties. The Secured Parties shall not be required or obligated in any manner to perform or fulfill any of the obligations of the Debtor under or pursuant to any contract or agreement included in the Collateral, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by the Debtor or the sufficiency of any performance by any party to any contract or agreement included in the Collateral, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to the Secured Parties or to which they may be entitled at any time or times.

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2.3. Continuing Security Interest. It is the true, clear, and express intention of the Debtor that the continuing grant of the security interests provided for herein remain as security for payment and performance of the Obligations, whether or not existing or hereinafter incurred by future advances or otherwise; and whether or not such Obligations are related to the transaction described herein or in the Loan Agreement, by class or kind, or whether or not contemplated by the parties at the time of the granting of this security interest. The notice of the continuing grant of this security interest shall not be required to be stated on the face of any document representing any such Obligation, and such document shall not be required to otherwise identify such Obligation as being secured hereby. Any such Obligation shall be deemed to have been made pursuant to Section 9-204(3) of the UCC.

3. Representations and Warranties. The Debtor hereby represents and warrants that:

3.1. Ownership. The Debtor is the owner of the Collateral free of all encumbrances and security interests except the security interest of the Secured Parties and liens permitted pursuant to Subsection 6.1 of the Loan Agreement.

3.2. Other Liens. No financing statement (other than any financing statement filed in favor of the Secured Parties or filed in connection with a lien permitted pursuant to Subsection 6.1 of the Loan Agreement) or other instrument similar in effect is on file covering the Collateral or its products or Proceeds or any portion thereof.

3.3. Validity. This Security Agreement creates a valid and continuing perfected lien on and perfected security interest in the Collateral in favor of the Secured Parties, prior to all other liens, encumbrances, security interests and rights of others, (except as noted in Subsection 3.2 hereof), and will be enforceable as such as against creditors of and purchasers from the Debtor and as against any owner of the real property where any Collateral will be located and as against any purchaser of such real property and any present or future creditor obtaining a lien on such real property, and all action necessary to protect and perfect such security interest in each item of the Collateral has been duly taken.

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3.4. Documents. If Inventory is represented or covered by Documents of Title, the Debtor is the owner of the Documents, free of all encumbrances and security interests other than the security interest of the Secured Parties and liens permitted under Subsection 6.1 of the Loan Agreement.

3.5. Sale of Goods or Services Rendered. Each Account and Chattel Paper constituting Collateral arose from a bona fide sale of goods which have been delivered or shipped to the account debtor and for which the Debtor has genuine invoices, shipping documents or receipts.

3.6. Enforceability. Each Account and Chattel Paper constituting Collateral is genuine and enforceable against the account debtor according to its terms. It and the transaction out of which it arose comply with all applicable Requirements of Law. The amount represented by the Debtor to the Secured Parties as owing is the amount actually owing and is not subject to setoff, credit, allowance or adjustment except discount for prompt payment, nor has any account debtor returned the goods or disputed his liability except to the extent that adequate reserves have been established in accordance with GAAP.

3.7. Authority to Contract. The execution and delivery of this Security Agreement and any instruments evidencing Obligations will not violate or constitute a breach of any Requirement of Law or any agreement or restriction to which the Debtor is a party or by which the Debtor or the Collateral is bound. No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either (i) for the grant by the Debtor of the security interests granted hereby or for the execution, delivery or performance of this Agreement by the Debtor or (ii) for the exercise by the Agent of its rights and remedies hereunder.

3.8. Accuracy of Information. All information, certificates and statements given to the Secured Parties pursuant to this Security Agreement and the Loan Agreement are true and complete.

3.9. Addresses. The address of the Company appearing in Section 9.2 of the Loan Agreement is the Debtor's chief place of business and chief executive office and the Debtor's principal place of business in Pewaukee, Wisconsin. The Collateral (except for Equipment during

manufacture), the Debtor's records concerning Accounts and contract rights and all originals of all Chattel Paper which evidence Accounts are kept at such address except (i) to the extent that Section 6.1 hereof has been complied with, (ii) that Collateral may also be kept at Sussex and Lomira, Wisconsin, Saratoga Springs, New York, Waseca, Minnesota and East Greenville, Pennsylvania and (iii) to the extent that Deposit Accounts are maintained at any one of the Banks.

4. Sale and Collections. (a) Proceeds of Collateral. So long as no default exists under any of the Obligations or this Security Agreement, the Debtor may sell Inventory in the ordinary course of the Debtor's business for cash or on any other terms and at a price deemed reasonable by the Debtor. From and after the occurrence of an Event of Default, all Proceeds of Collateral received by the Debtor shall be held by the Debtor upon an express trust for the Secured Parties, shall not be commingled with any other funds or property of the Debtor, and shall be turned over to the Secured Parties not later than the Business Day following the day of their receipt. All Proceeds received by the Secured Parties shall be applied against the Obligations in such order and at such times as the Secured Parties shall determine.

(b) Verification and Notification. The Secured Parties may verify Collateral in any manner, and the Debtor shall assist the Secured Parties in so doing. From and after the occurrence of an Event of Default, the Secured Parties may, and the Debtor shall upon request of the Secured Parties, notify the account debtors to make Payment directly to the Secured Parties, and the Secured Parties may enforce collection of, settle, compromise, extend or renew the indebtedness of such account debtors. Until account debtors are otherwise notified, the Debtor, as agent of the Secured Parties shall make collections on the Collateral. The Secured Parties may at any time notify the bailee of any Inventory of their security interest.

5. Rights of Secured Parties. (a) Authority to Perform for Debtor. If the Debtor fails to act as required by this Agreement, the Loan Agreement or the Obligations, the Secured Parties are authorized, in the Debtor's name or otherwise, to take any such action including, without limitation, signing the Debtor's name or paying any amount so required, and the cost shall be one of the Obligations secured hereby and shall be payable by the Debtor upon demand with interest at the rate of 2% per year above the MHT Rate from the date of payment by the Secured Parties.

(b) Charging Debtor's Credit Balance. The Debtor grants to the Secured Parties, as further security for the Obligations, a security interest and lien on any credit balance, Deposit Accounts and other money now or hereafter owed the Debtor by the Secured Parties. The Parties agree that the maintenance of Deposit Accounts with a Secured Party constitutes a pledge thereof and a vesting in the Secured Parties of exclusive control over the Deposit Accounts. In the exercise of its control, so long as the Debtor is not in default with respect hereto or the Loan Agreement, the Debtor may make deposits to and withdrawals from said Deposit Accounts.

(c) Nonliability of Secured Parties. The Secured Parties have no duty to protect, insure, collect or realize upon the Collateral or preserve rights in it against prior parties. The Debtor releases the Secured Parties from any liability for any act or omission relating to the Obligations, the Collateral or this Agreement, except the Secured Parties' willful misconduct.

6. Covenants. The Debtor covenants and agrees with the Secured Parties that from and after the date of this Security Agreement and until the Obligations are fully satisfied:

6.1. Location and Maintenance of Collateral. (a) The Debtor shall keep the Collateral (other than Inventory sold in the ordinary course of business) at the locations thereof specified in subsection 3.9 hereof or, upon 30 days' prior written notice to the Agent, at such other places in a jurisdiction where all actions required by subsection 6.7 hereof shall have been taken with respect to the Collateral; provided, however that the Debtor may keep Collateral with an aggregate fair market value of up to \$1,000,000 at locations other than those specified in subsection 3.9 hereof without complying with the provisions of this paragraph 6.1(a).

(b) If any Inventory is in the possession or control of any third party, other than a purchaser in the ordinary course of business, a public warehouseman where the warehouse receipt is in the name of or held by the Agent or a carrier of Inventory in transit to a purchaser in the ordinary course of business, the Debtor shall notify such person of the Agent's security interest therein and, upon request, shall instruct such person or persons to hold all such Inventory for the Agent's account, subject to the Agent's instructions.

(c) The Debtor shall maintain the Collateral in good condition and repair and not permit its value to be impaired; defend the Collateral against all claims and legal proceedings by persons other than the Secured Parties; not sell, lease or otherwise dispose of the Collateral except for sales of Inventory authorized as provided in this Agreement or the Loan Agreement; and not permit the Collateral to be used in violation of any applicable Requirement of Law except to the extent permitted in the Loan Agreement. Loss of or damage to the Collateral shall not release the Debtor from any of the Obligations. The Debtor shall promptly furnish to the Agent a statement respecting any material loss or damage to any of the Collateral.

(d) The Debtor shall not:

(i) cancel or terminate any of the Accounts, Instruments or Chattel Paper or consent to or accept any cancellation or termination thereof except in the ordinary course of business;

(ii) amend or otherwise modify any of the Accounts, Instruments or Chattel Paper or give any consent, waiver or approval thereunder except in the ordinary course of business;

(iii) waive, whether by action or inaction, any default under or breach of any of the Accounts, Instruments or Chattel Paper except in the ordinary course of business; or

(iv) take any other action in connection with any of the Accounts, Instruments or Chattel Paper which would impair the value of the interest or rights of the Debtor thereunder or which would impair the interest or rights of the Secured Parties.

6.2. Collateral Records and Statements. The Debtor shall keep accurate and complete records respecting the Collateral in such form as the Secured Parties may approve. At such times as the Secured Parties may require, the Debtor shall furnish to the Secured Parties a statement certified by the Debtor and in such form and containing such information as may be prescribed by the Secured Parties and provide such other documentation as may be requested by the Secured Parties, identifying and describing and showing the current status and value of the Collateral.

6.3. Inspection of Collateral. At reasonable times, the Secured Parties may examine the Collateral and the Debtor's records pertaining to it, wherever located, and make copies of such records. The Debtor shall assist the Secured Parties in so doing.

6.4. Modifications. From and after the occurrence of an Event of Default, without the prior written consent of the Secured Parties, the Debtor shall not alter, modify, extend, renew or cancel any Collateral the effect of which would be to materially and adversely affect the security interest of the Secured Parties or the Collateral.

6.5. Sale of Goods or Services Rendered. Each Account constituting Collateral shall arise from a bona fide sale of goods, which shall have been delivered or shipped to the account debtor and for which the Debtor shall have genuine invoices, shipping documents or receipts.

6.6. Enforceability. Each Account and Chattel Paper constituting Collateral shall be genuine and enforceable against the account debtor according to its terms. Each Account and Chattel Paper and the transaction out of which it arose shall comply with all Requirements of Law. The amount represented by the Debtor to the Secured Parties as owing shall be the amount actually owing and shall not be subject to setoff, credit, allowance or adjustment, except discount for prompt payment, nor shall any account debtor have returned the goods or disputed its liability except to the extent that adequate reserves have been established in accordance with GAAP.

6.7. Further Documentation; Pledge of Instruments. At any time and from time to time, upon the request of the Secured Parties and at the sole expense of the Debtor, the Debtor shall promptly and duly prepare, execute and deliver any and all such further instruments and documents and take such further action as the Secured Parties may reasonably deem desirable in obtaining the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, causing certificates of title to be issued evidencing the Secured Parties lien thereon or the filing of any financing or continuation statements under the UCC in effect in any jurisdiction with respect to the liens and security interests granted hereby. The Debtor also hereby authorizes the Secured Parties to file any such certificate of title, financing or continuation statement without the signature of the Debtor to the extent permitted by applicable law. If any amount

payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note or other instrument, such note or instrument shall be immediately pledged to the Secured Parties hereunder, duly endorsed in a manner satisfactory to the Secured Parties. The Debtor shall promptly mark all Chattel Paper, and all copies, to indicate conspicuously the Secured Parties' interest and, upon request, deliver them to the Agent.

6.8. Indemnification. In any suit, proceeding or action brought by the Secured Parties to enforce any provision of any contract or agreement included in the Collateral, the Debtor shall save, indemnify and keep the Secured Parties harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the other parties thereunder, arising out of a breach by the Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such party or its successors from the Debtor, and all such obligations of the Debtor shall be and remain enforceable against and only against the Debtor and shall not be enforceable against the Secured Parties.

6.9. Payment of Obligations. The Debtor shall pay promptly when due, all taxes, license fees, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind relating thereto (including claims for labor, materials and supplies), except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against in accordance with generally accepted accounting principles.

6.10. Limitation on Liens on Collateral. The Debtor shall not create, permit or suffer to exist, and will defend the Collateral against and take such action as is necessary to remove, any lien, security interest, encumbrance, claim or right, in or to the Collateral, and will defend the right, title and interest of the Secured Parties in and to any of the Debtor's rights under the Contract and to any Equipment while subject to this Security Agreement and in and to the Proceeds and products thereof against the claims and demands of all persons whomsoever except Liens permitted by Section 6.1 of the Loan Agreement.

6.11. Maintenance of Insurance. The Debtor shall, at its own expense, maintain with financially sound and reputable companies, insurance policies (i) insuring the Collateral against loss by fire, explosion, theft and such other casualties as are usually insured against by companies engaged in the same or similar businesses and (ii) insuring the Debtor and the Secured Parties against liability for personal injury and property damage relating to the Collateral; such policies shall be in such form and in such amounts and coverage as may be satisfactory to the Secured Parties, with losses payable to the Debtor and the Secured Parties as their respective interests may appear under a standard non-contributory "mortgagee", "lender" or "secured party" clause. The Debtor shall deliver to the Secured Parties as often as the Secured Parties may reasonably request a report of a reputable insurance broker with respect to the insurance on the Collateral. All insurance with respect to the Collateral shall (i) contain a clause which provides that the Secured Parties' interest under the policy will not be invalidated by any act or omission of, or any breach of warranty by, the insured, or by any change in the title, ownership or possession of the insured property, or by the use of the property for purposes more hazardous than is permitted in the policy, (ii) provide that no cancellation, reduction in amount or material change in coverage thereof shall be effective until at least 10 days after receipt by the Secured Parties of written notice thereof, and (iii) be satisfactory in all respects to the Secured Parties. From and after an Event of Default, the Debtor assigns (and directs any insurer to pay) to the Secured Parties the proceeds of all such insurance and any premium refund, and authorizes the Secured Parties to endorse in the name of the Debtor any instrument for such proceeds or refunds and, at the option of the Secured Parties, to apply such proceeds and refunds to any unpaid balance of the Obligations, whether or not due, and/or to restoration of the Collateral, returning any excess to the Debtor. From and after an Event of Default, the Secured Parties are authorized, in the name of the Debtor or otherwise, to make, adjust, settle claims under and/or cancel any insurance on the Collateral.

6.12. Notices. The Debtor will advise the Secured Parties promptly, in reasonable detail, (i) of any lien, security interest, encumbrance or claim made or asserted against any of the Collateral and which has a material adverse effect on the Collateral or the security interest of the Secured Parties, (ii) of any material change in the composition of the Collateral or any part thereof, (iii) of

the occurrence of any other event which would have a material adverse effect on the aggregate value of the Collateral or on the security interests created hereunder, and (iv) of the occurrence of any event or the development of any circumstance which makes a representation or warranty made herein materially untrue, inaccurate or incomplete.

6.13. Representations and Warranties. The Debtor shall take whatever steps are necessary to ensure that all of the representations and warranties made by the Debtor herein remain true, accurate and complete.

7. Default. Upon the occurrence of one or more of the following Events of Default,

(a) Nonperformance of Obligations. Except as provided for to the contrary in the Loan Agreement, the Debtor fails to pay when due or perform any of the Obligations or to perform, or rectify any breach of, any warranty or other undertaking by the Debtor in respect of the Obligations;

(b) Nonperformance of this Security Agreement. The Debtor fails to perform or observe any other term, covenant or agreement contained herein to be performed or observed by the Debtor and any such failure remains unremedied for a period of 30 days;

(c) Incorrect Representations or Statements. Any representation or warranty made by the Debtor herein or the Loan Agreement or any Interest Rate Agreement shall prove to be untrue at any time that an Obligation is unpaid or unperformed, or any representation or warranty made in any certificate delivered pursuant hereto or the Loan Agreement or any Interest Rate Agreement shall prove to have been incorrect as of the time when given; or

(d) Event of Default under Loan Agreement or Interest Rate Agreement. An "Event of Default" occurs under the Loan Agreement or any Interest Rate Agreement;

all of the Obligations shall, at the option of the Required Banks with notice of default to the Company or as provided in subsection 7.2 of the Loan Agreement, become due and payable; and the Secured Parties shall have all rights and remedies for default provided by the UCC (whether or not the UCC applies to the affected Collateral), as well as any other applicable law or the Obligations. With respect to such rights and remedies,

(a) Assembling Collateral. The Secured Parties may require the Debtor to assemble the Collateral and to make it available to the Secured Parties at any convenient place designated by the Secured Parties.

(b) Notice of Disposition. Written notice when required by law, sent to any address of the Debtor set forth in this Agreement at least 10 calendar days (counting the day of sending) before the date of a proposed disposition of the Collateral is reasonable notice.

(c) Expenses and Application of Proceeds. The Debtor shall reimburse the Secured Parties for any expense incurred by the Secured Parties in protecting or enforcing their rights under this Security Agreement including, without limitation, reasonable attorneys' fees and legal expenses and all expenses of taking possession, holding, preparing for disposition and disposing of the Collateral. After deduction of such expenses, the Secured Parties may apply the proceeds of any disposition to the Obligations in such order and amounts as they elect.

To the extent permitted by applicable law, the Debtor hereby waives all claims, damages, and demands against the Secured Parties arising out of the repossession, retention or sale of the Collateral and hereby waives presentment, demand, protest or any notice of any kind in connection with this Security Agreement or any Collateral. The Debtor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all of the Obligations.

8. Limitation on Secured Parties' Duty. The powers conferred on the Secured Parties hereunder are solely to protect their interest in the Collateral and shall not impose any duty upon them to exercise any such powers. Except for the safe custody of any Collateral in their possession and the accounting for moneys actually received by them hereunder, the Secured Parties shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. Without limiting the generality of the foregoing, a Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that accorded by such Secured Party to its own similar property.

9. Persons Bound. This Agreement benefits the Secured Parties, their successors and assigns, and binds the Debtor and its successors and assigns. Any Bank may assign or otherwise transfer any Note held by it to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to such Bank herein or otherwise. Subject to subsection 9.14 of the Loan Agreement, each of the Company, Quad/Tech, DuPlainville, Werkes/Tech, Magazine, Chemical and Marketing shall be jointly and severally liable for all Obligations of the others.

10. No Waiver; Cumulative Remedies. The Secured Parties shall not by any act, delay, omission or otherwise be deemed to have waived any of their rights or remedies hereunder. A waiver by the Secured Parties of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Secured Parties would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of the Secured Parties, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies otherwise provided by law. None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by the Debtor and by the Secured Parties.

11. Interpretation. The validity, construction and enforcement of this Security Agreement are determined and governed by the laws of the State of New York, except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular Collateral are governed by laws of a jurisdiction other than the State of New York. The invalidity of any provision of this Security Agreement shall not affect the validity of any other provision.

12. Representations and Warranties. The Debtor shall be deemed to have repeated each and every representation and warranty made herein as of each day that any Obligation remains outstanding.

13. Prior Agreements. The Security Agreement between the Debtor and M&I dated March 19, 1981, the Security Agreement and Assignment of Contract between the Company and MHT dated February 10, 1981, the Security Agreement and Assignment of Contract among the Company, Quad/Tech, DuPlainville, M&I and MHT dated December 31, 1982, the Amended and Restated Security Agreement and Assignment of Contract among the Original Companies, M&I, MHT and Ameritrust dated the 18th day of April, 1984, Amendment Number One to the Credit and Security Agreements dated September 18, 1984 and the Amended and Restated Security Agreement and Assignment of Contract among the Original Companies and the Original Banks dated as of November 5, 1985 are hereby amended in their entirety to read as provided herein, and in all circumstances the provisions of this Security Agreement, the Loan Agreement and related documents shall govern the agreement among the parties hereto.

14. Prior Financing Statements. The Debtor agrees that any financing statements filed with respect to this Security Agreement shall in no respect diminish or reduce the rights of the Secured Parties arising under any and all financing statements filed prior hereto by the Secured Parties with respect to any Property of the Debtor (including, but not limited to, financing statements filed in connection with the above-referenced agreements); and all such financing statements shall remain in full force and effect; and the Debtor agrees to cooperate in the filing of all necessary continuation statements relating to any such financing statement.

15. Removal of Lien on Presses. Upon receipt of an opinion from Foley & Lardner, attorneys for the Debtor, in the exact form of Annex "A" attached hereto and incorporated by reference herein, the Agent shall within five business days of the receipt of the aforementioned opinion of Foley & Lardner release from the security interest created hereby (i) any Equipment for which the Debtor has obtained Permanent Financing and (ii) any improvements, modifications, additions or accessions to the Equipment which are the subject of the Permanent Financing that are not readily removable without causing material damage to such Equipment.

16. Release of Security Interest in Equipment. The Agent shall release from the security interest in Equipment other than Presses created hereby upon the happening of the following:

(a) For Equipment valued at original cost in an amount less than \$250,000.00, upon receipt by the Agent of certification from a Responsible Officer that the item of Equipment has been sold, that its original cost was less than \$250,000.00; and the sale does not constitute or create a Default or Event of Default pursuant to the Security Agreement, the Loan Agreement or the Credit Documents.

(b) For all other items of Equipment, upon receipt by the Agent of fifteen days notice from a Responsible Officer of an intended sale or other disposition which notice shall contain a certification from that Responsible Officer as to the original cost of the item, that the sale or other disposition of the item is not as a part of a liquidation or sale of all or substantially all of Debtor's Equipment of a similar type, that the sale or other disposition is to a non-affiliate, at arms length, for fair market value and that the sale or other disposition of the item does not constitute or create a Default or Event of Default pursuant to the Security Agreement, the Loan Agreement or the Credit Documents.

17. Notices. Unless otherwise specified, all notices, requests and demands to or upon the respective parties hereto shall be deemed to be effective only if in writing or if given by telegraph or telex and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made, in the case of a delivered notice, when delivered by hand, or, in the case of a mailed notice, when deposited in the mail, air postage prepaid, or, in the case of telegraphic notice, when delivered to the telegraph company, or, in the case of telex notice, when sent, answerback received, addressed as provided in Section 9.2 of the Loan Agreement or to such other address as may be hereafter specified by the respective parties hereto and any future holders of the Notes.

18. The Mortgages. In the event that (a) any of the Collateral hereunder is also subject to a valid perfected security interest under the terms of the Mortgages, and (b) the terms of the Mortgages are inconsistent with the terms of this Agreement, then with respect to property so covered by both agreements, the terms of the Mortgages shall be controlling in the case of

fixtures and any other interest in real property and the terms of this Agreement shall be controlling in the case of all other Collateral.

19. This Security Agreement and any other document amending this Security Agreement may be executed by one or more of the parties hereto or thereto on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their officers thereunto duly authorized as of the date first above written.

QUAD/GRAPHICS, INC.

By: 

Title: _____

QUAD/TECH, INC.

By: 

Title: _____

DUPLAINVILLE TRANSPORT, INC.

By: 

Title: _____

WERKES/TECH, INC.

By: 

Title: _____

MILWAUKEE MAGAZINE, INC.

By: *John C. P.*
 Title: *Treasurer*

CHEMICAL RESEARCH/TECHNOLOGY, INC.

By: *John C. P.*
 Title: *Treasurer*

QUAD/MARKETING, INC.

By: *John C. P.*
 Title: *Treasurer*

MANUFACTURERS HANOVER TRUST
 COMPANY, as Agent and as a
 Bank

By: *Leslie S. Garrow*
 Title: *V.P.*

MANUFACTURERS HANOVER BANK
 (DELAWARE)

By: _____
 Title: _____

M&I MARSHALL & ILSLEY BANK

By: _____
 Title: _____

MILWAUKEE MAGAZINE, INC.

By: *John C. Pl*

Title: *Treasurer*

CHEMICAL RESEARCH/TECHNOLOGY, INC.

By: *John C. Pl*

Title: *Treasurer*

QUAD/MARKETING, INC.

By: *John C. Pl*

Title: *Treasurer*

MANUFACTURERS HANOVER TRUST
COMPANY, as Agent and as a
Bank

By: *Leslie S. Jones*

Title: *V.P.*

MANUFACTURERS HANOVER BANK
(DELAWARE)

By: *Russell B. Ward*

Title: *Asst Vice Pres*

M&I MARSHALL & ILSLEY BANK

By: _____

Title: _____

MILWAUKEE MAGAZINE, INC.

By: *John C. [unclear]*
 Title: *Treasurer*

CHEMICAL RESEARCH/TECHNOLOGY, INC.

By: *John C. [unclear]*
 Title: *Treasurer*

QUAD/MARKETING, INC.

By: *John C. [unclear]*
 Title: *Treasurer*

MANUFACTURERS HANOVER TRUST
 COMPANY, as Agent and as a
 Bank

By: *James S. [unclear]*
 Title: *V.P.*

MANUFACTURERS HANOVER BANK
 (DELAWARE)

By: _____
 Title: _____

M&I MARSHALL & ILSLEY BANK

By: *Daniel Chalcoix*
 Title: *VICE PRESIDENT*

FIRST NATIONAL BANK OF
MINNEAPOLIS

By: 

Title: V.P.

MELLON BANK, N.A.

By: _____

Title: _____

AMERITRUST COMPANY NATIONAL
ASSOCIATION

By: _____

Title: _____

HARRIS TRUST AND SAVINGS BANK

By: _____

Title: _____

FIRST NATIONAL BANK OF
MINNEAPOLIS

By: _____
Title: _____

MELLON BANK, N.A.

By: Robert C. Lutz
Title: Vice President

AMERITRUST COMPANY NATIONAL
ASSOCIATION

By: _____
Title: _____

HARRIS TRUST AND SAVINGS BANK

By: _____
Title: _____

FIRST NATIONAL BANK OF
MINNEAPOLIS

By: _____
Title: _____

MELLON BANK, N.A.

By: _____
Title: _____

AMERITRUST COMPANY NATIONAL
ASSOCIATION

By: R. C. Lantot
Title: V.P.

HARRIS TRUST AND SAVINGS BANK

By: _____
Title: _____

FIRST NATIONAL BANK OF
MINNEAPOLIS

By: _____
Title: _____

MELLON BANK, N.A.

By: _____
Title: _____

AMERITRUST COMPANY NATIONAL
ASSOCIATION

By: _____
Title: _____

HARRIS TRUST AND SAVINGS BANK

By: _____
Title: _____

[Handwritten signature and initials over the line]

ANNEX A
to
SECOND AMENDED AND RESTATED
SECURITY AGREEMENT

Manufacturers Hanover Trust
Company, as Agent
270 Park Avenue
New York, New York 10017

Re: Second Amended and Restated Security
Agreement dated February 20, 1987

Dear Sirs:

We have acted as counsel for Quad/Graphics, Inc. (the "Company"), Quad/Tech, Inc., DuPlainville Transport, Inc., Werkes/Tech, Inc., Milwaukee Magazine, Inc., Chemical Research/Technology, Inc. and Quad/Marketing, Inc. (the "Subsidiaries") in connection with a Second Amended and Restated Loan Agreement (the "Agreement"), dated February 20, 1987, by and among the Company, the Subsidiaries, Manufacturers Hanover Trust Company ("MHT"), Manufacturers Hanover Bank (Delaware), M&I Marshall & Ilsley Bank, First National Bank of Minneapolis, Mellon Bank, N.A., AmeriTrust Company National Association and Harris Trust and Savings Bank and MHT, as Agent for the Banks, and a Second Amended and Restated Security Agreement dated February 20, 1987 (the "Security Agreement").

This opinion is delivered to you as the Agent pursuant to Section 15 of the Security Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection herewith we have examined the Agreement, the Security Agreement and such other documents as we have deemed necessary or appropriate and have conducted an investigation made with due diligence for purposes hereof:

Based upon the foregoing, we are of the opinion as follows:

1. The equipment described on Exhibit 1 attached hereto (the "Equipment") is Collateral as defined in the Security Agreement.

2. The Company intends to enter into an agreement with _____ on or about _____. This Agreement, upon due consummation thereof, will constitute Permanent Financing as that term is defined in the Security Agreement.

Based upon the foregoing, we hereby request that you execute and deliver to us those documents attached hereto which are required by applicable law to release any interest the Banks may have in the Equipment. It is our understanding that by so delivering such documents to us, you have authorized us to deliver such documents at the closing of the aforementioned transaction. Notwithstanding any of the foregoing to the contrary, we shall hold these documents in trust and shall deliver them only upon the due consummation of Permanent Financing as that term is defined in the Security Agreement.

Very truly yours,

FOLEY & LARDNER

By: _____

South 15 deg. 04 min. 30 sec. East, 1,563.95 to the point
and place of beginning and containing 35.00 acres of land.

Together with any right, title or interest the grantor may
have to that portion of Adams Road lying between the
existing centerline of said road and the southerly line of
the above described parcel.